



South Carolina
Department of Health and Human Services

SILVERCARD

South Carolina's Prescription Drug Benefit Program For Seniors

*South Carolina
Department of Health and Human Services*

*Report To
Centers for Medicare and Medicaid Services*

**Medicaid 1115
Research and Demonstration Waiver**

**A Prescription Drug Benefit for South
Carolina's Low-Income Seniors**

*Calendar Year 2003
First Quarter*

INTRODUCTION

In January 2002, South Carolina Department of Health and Human Services (SCDHHS) submitted to Centers for Medicare and Medicaid Services (CMS) a Medicaid 1115 Research and Demonstration Waiver application for “A Prescription Drug Benefit for South Carolina’s Low-Income Seniors.” The waiver was submitted in response to the State’s need to provide comprehensive pharmacy benefits to seniors not eligible for benefits under South Carolina’s current State Plan.

During July 2002, under authority of Section 1115(a)(2) of the Social Security Act, CMS approved SCDHHS’ application for a period of five years. This approval permitted the State to extend pharmacy benefits, with primary care coordination, to low-income seniors age 65 or above who are at or below 200 percent of the Federal Poverty Level (FPL) and who are not otherwise eligible for pharmacy benefits under S. C. Medicaid’s currently approved State Plan. Additionally, in order to be eligible for the State’s Demonstration Waiver, seniors must not have any other prescription drug insurance. CMS capitated the number of utilizers of the senior prescription drug benefit at 66,000 persons. [Utilizers are those SILVERxCARD enrollees who have met the deductible and are receiving Medicaid-covered prescriptions. On the other hand, SILVERxCARD enrollees or beneficiaries are eligible to receive Medicaid-covered prescriptions *once the calendar year deductible has been met.*] Furthermore, to assure budget neutrality, CMS required that the cost of all Medicaid services to aged beneficiaries provided during the term of the demonstration would be no more than 100 percent of the cost to provide Medicaid services without the demonstration.

In December 2002, CMS approved SCDHHS’ Operational Protocol thereby authorizing the State to implement the Demonstration Waiver beginning January 1, 2003.

This report serves as the initial quarterly report, as required by the CMS-approved Operational Protocol, to address:

- Notable accomplishments and acquired knowledge.
- Problem areas with recommended resolutions.
- Demonstration events to include enrollment statistics and expenditure data.

BACKGROUND OF SOUTH CAROLINA'S SILVERxCARD PROGRAM

In 1999, in response to the need to provide a prescription drug program for South Carolina's low-income seniors, the South Carolina SILVERxCARD program was created by permanent budget proviso. SILVERxCARD, funded with State-only monies, became operational January 2001. The South Carolina Budget and Control Board, Office of Insurance Services was responsible for the administration of the SILVERxCARD program during the first two years of operation. The State contracted with a vendor, Consultec (later known as Affiliated Computer Services or ACS), to perform the day-to-day operational activities of the program. This vendor's responsibilities included eligibility determinations, enrollments, and SILVERxCARD claims processing. During the first two years that SILVERxCARD was operational as a State-funded only program, the prescription benefit required that a \$500 deductible be met per calendar year before SILVERxCARD coverage would begin. Also, during 2001 and 2002, SILVERxCARD beneficiaries were required to make the following co-payments: a) \$10.00 for prescriptions for generic drugs and b) \$21.00 for prescriptions for brand name drugs.

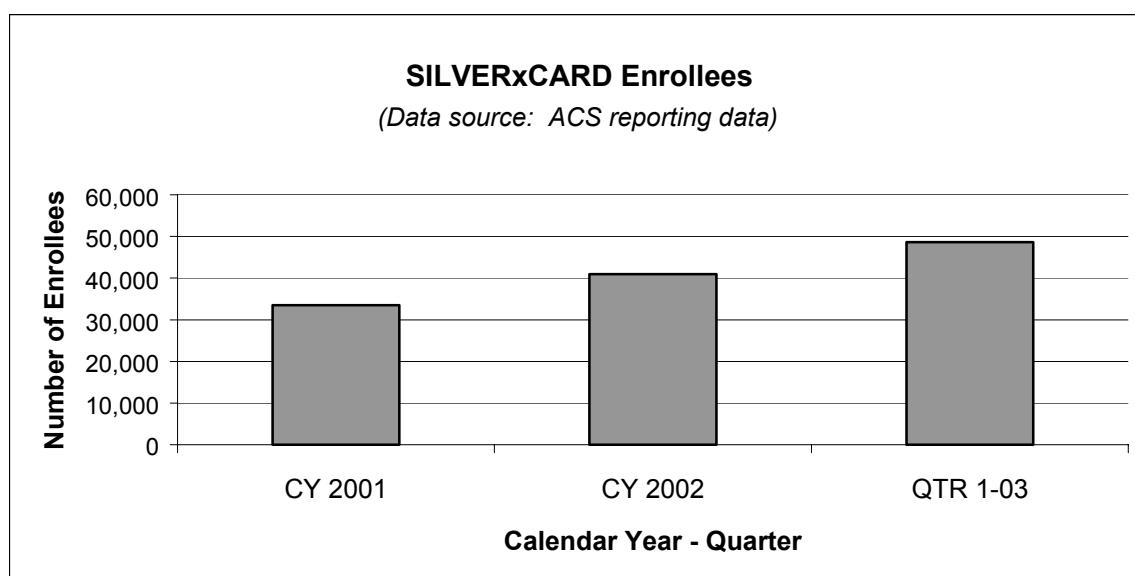
For calendar years 2001 and 2002, South Carolina seniors 65 years of age and older with incomes of 175 percent or less of the FPL were eligible for the SILVERxCARD program. During calendar year 2001, SILVERxCARD's first year of operation, the program had 33,500 enrollees. During 2002, the second year of the State-funded program, SILVERxCARD had 40,928 enrollees.

CURRENT SILVERxCARD PROGRAM

Open enrollment with the demonstration waiver SILVERxCARD program began October 2002. By the end of the first quarter of calendar year 2003, there were a total of 48,622 SILVERxCARD enrollees.

There has been a significant increase in the percentage of applicants who are now being accepted into the SILVERxCARD program. For calendar year 2002, accepted applicants averaged 57% of the applications received. For Quarter 1-03, the percentage of accepted applicants averaged 82%. This increase may be attributed to the change in eligibility rules permitting those seniors at or below 200% of the FPL to meet income eligibility requirements.

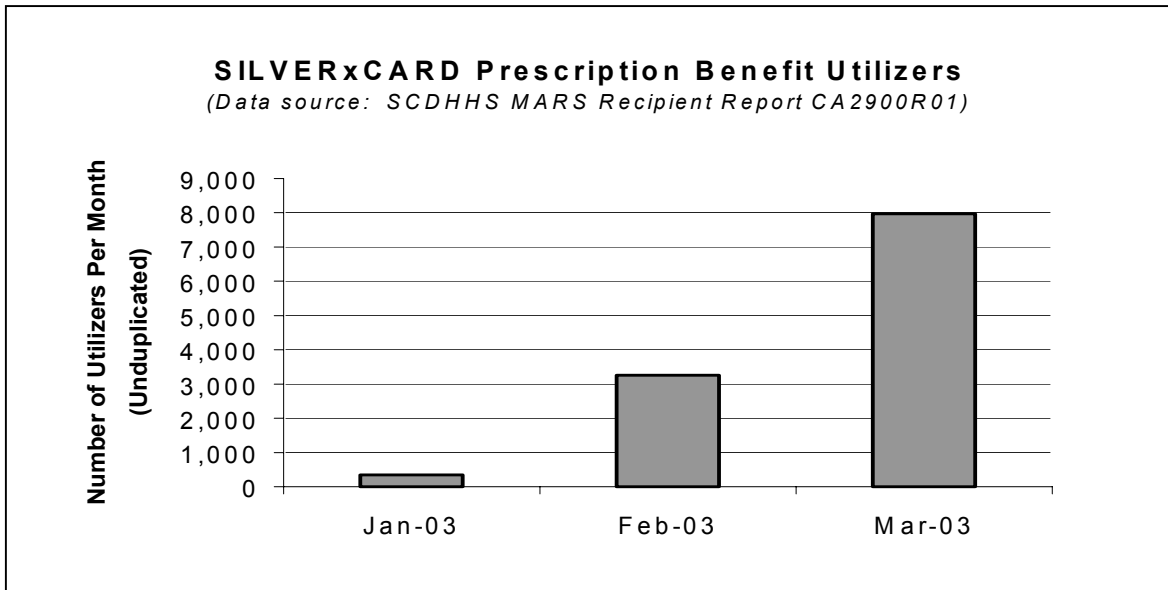
Calendar Year 2003 – First Quarter SILVERxCARD Applications Acceptance Percentage <i>(Data source: ACS reporting data)</i>			
	January 2003	February 2003	March 2003
Number of SILVERxCARD Enrollees	47,609	48,217	48,622
Percentage of New Applicants Enrolled <i>(based on number of applications received by ACS)</i>	76%	86%	83%



The increase in the number of SILVERxCARD beneficiaries is a result of several factors:

- SILVERxCARD has been in existence for more than two years; the level of public awareness of the program has increased.
- Outreach efforts have been successful during the past two years.
- The State has seen an increase in its elderly population.
- The need for and utilization of prescription drugs continues to increase.
- The high cost of prescription drugs has prompted more of the elderly to seek financial assistance through a drug benefit program.

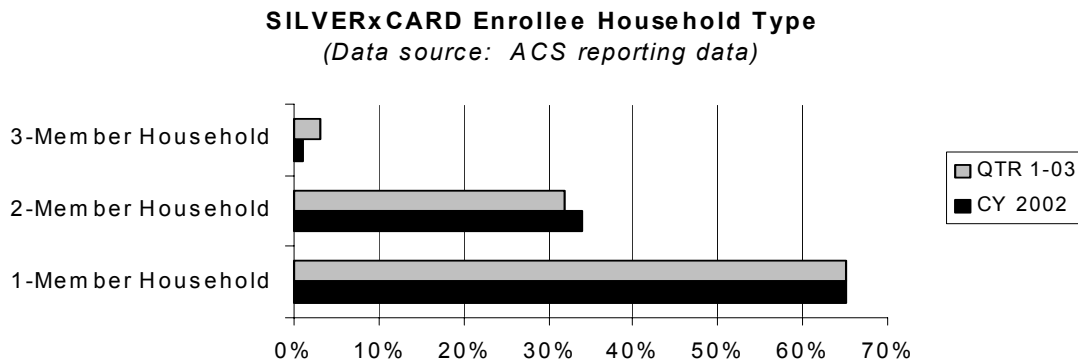
While the number of SILVERxCARD enrollees has continued to increase, it is important to note that, historically, significantly fewer than half of the SILVERxCARD enrollees were actual *utilizers* of the State-funded prescription drug benefit.

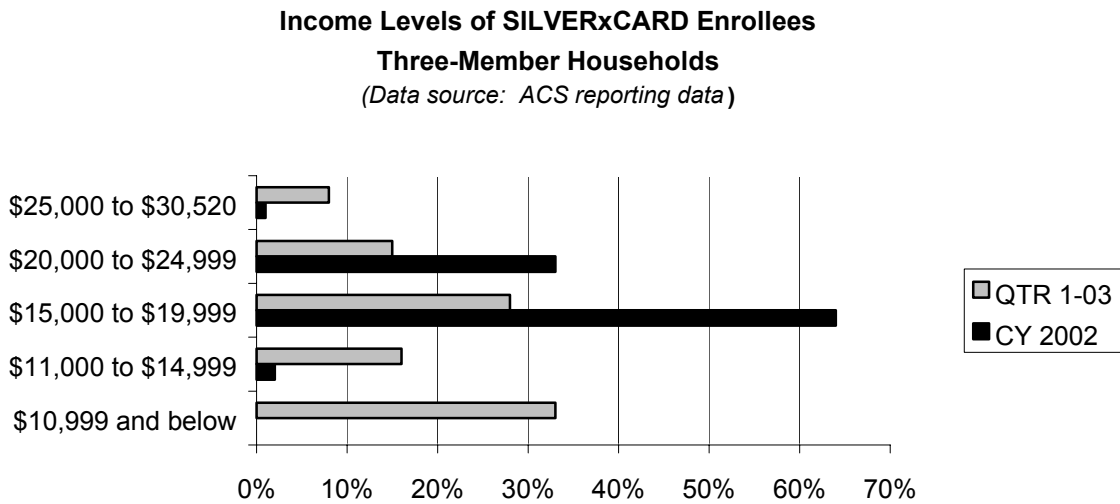
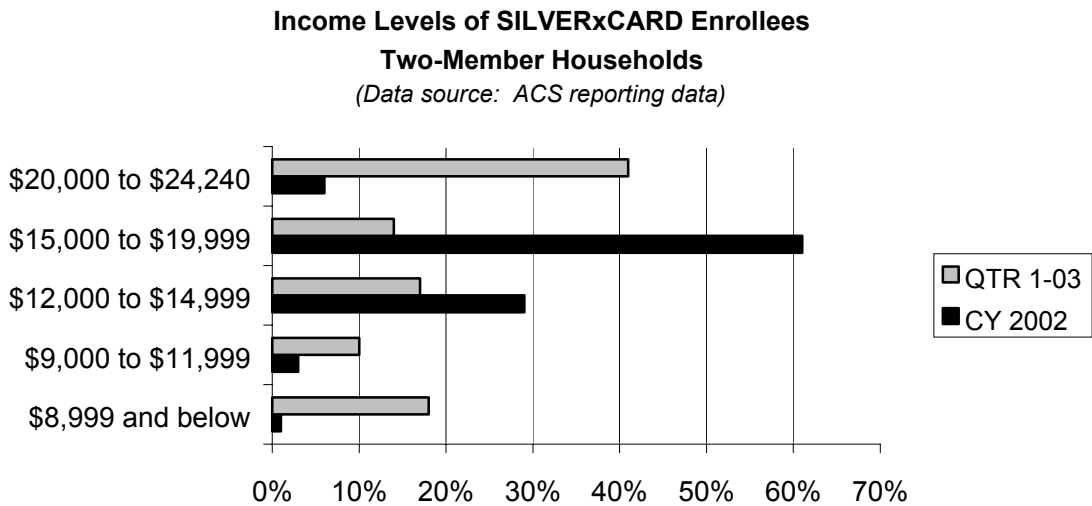
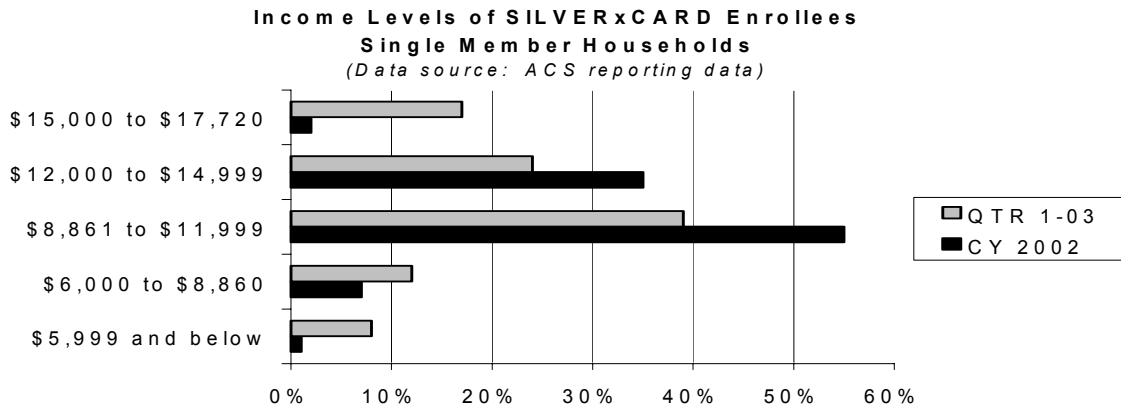


SILVERxCARD ENROLLEE DEMOGRAPHICS

The following information is presented to illustrate the consistency of the percentage of the population's demographics that are accepted into the SILVERxCARD program. The number of single member households continues to comprise the majority of household types for SILVERxCARD enrollees. Almost two-thirds of the enrollees live in single member households while approximately one-third of the enrollees are residing in two-member households. These percentages have remained somewhat constant when comparing CY 2002 numbers with those of Qtr 1-03.

There has been a change regarding income distribution from CY 2002 to Quarter 1-03. This change is evident for single member, two-member, and three-member households and represents a more equal distribution of program members at the various income levels. A possible explanation for this change may be the result of a more widespread dissemination of information and/or greater acceptance of the program at all income levels.





The following table details the SILVERxCARD enrollments according to race. Based on the information provided by those enrollees who responded to the question (approximately 75% response rate), over two-thirds of the SILVERxCARD beneficiaries are Caucasian. This question regarding race category was not present on the application forms from 2001 or 2002, therefore comparative data is not available.

Calendar Year 2003 – First Quarter <i>(Data source: ACS reporting data)</i> [Note: Approximately 75% of the applicants responded to the question regarding race. This is not a required answer field.]	
DESCRIPTION	PERCENTAGE
White	69%
African-American / Black	14%
Mexican	3%
Puerto Rican	2%
Native American / American Indian	2%
Cuban	2%
Asian American / Oriental	2%
Hispanic	2%
Refugee	2%
Other	2%

The following chart illustrates the predominance of females in the SILVERxCARD population with only one-third of the SILVERxCARD beneficiaries being male.

**2003 SILVERxCARD Enrollees
By Gender**

(Data source: ACS reporting data)



OVERVIEW OF SILVERxCARD PRESCRIPTION BENEFIT PACKAGE

SILVERxCARD Beneficiaries

SILVERxCARD beneficiaries are required to meet a \$500 deductible per calendar year in order to be eligible for Medicaid-reimbursable prescriptions. After the deductible has been met, the beneficiary is responsible for paying the prescription co-payment for any covered prescriptions. The co-payment amounts are: a) \$10.00 for prescriptions for generic drugs, b) \$15.00 for prescriptions for brand name drugs, and c) \$21 for prescriptions for prior authorization drugs.

Pharmacies

SILVERxCARD prescriptions are reimbursable at the same rate as the State's Medicaid-covered prescriptions. Any pharmacy enrolled as a S. C. Medicaid provider may submit pharmacy claims to the State for SILVERxCARD beneficiaries.

Major Changes: State-Funded SILVERxCARD Versus Waiver SILVERxCARD

1) Prescription Benefit Package Change

Previously, SILVERxCARD beneficiaries received an unlimited number of prescriptions per month. Under the demonstration waiver, beneficiaries are limited to four prescriptions per month, however, a monthly prescription limit override program allows for additional prescriptions that meet certain criteria.

2) Enrollment

Previously, the SILVERxCARD enrollment period occurred annually during the month of October only. During the first two years that SILVERxCARD operated as a State-funded only program, much of the program was patterned after the manner in which the State's Office of Insurance Services managed the State employee health plan. With one characteristic of the State Health Plan being open enrollment during the month of October only, this same policy was implemented for the State-funded SILVERxCARD program. However, beginning October 2002, SCDHHS instituted year-round open enrollment for the SILVERxCARD program. Eligible seniors may now, therefore, enroll in the program at any time during the year.

3) Claims Processing

During calendar years 2001 and 2002, Affiliated Computer Services' (ACS) responsibilities included eligibility determination, enrollment, and pharmacy

claims processing. Effective January 1, 2003, ACS continued to be responsible for the eligibility determination and enrollment portions of the SILVERxCARD program, however, SCDHHS' pharmacy claims processor, First Health Services, was required to assume SILVERxCARD claims processing.

SILVERxCARD/MEDICAID CONTRACTED SERVICES

The main contractors performing services for SCDHHS' Pharmacy Services program are First Health Services Corporation and ACS. Three years ago, First Health Services Corporation (FHSC) was awarded the Medicaid Pharmacy Program POS/Related Services contract. Also, three years ago, when SILVERxCARD was administered by a state agency separate from SCDHHS and was functioning as a state-funded program, Affiliated Computer Services (ACS) was awarded the SILVERxCARD contract. Currently, the SILVERxCARD contract's primary scope of service is eligibility determination. Either the expiration date or the renewal date for the FHSC and ACS contracts occurs approximately July 2004.

SCDHHS plans to re-bid the contracted services with a Request For Proposal (RFP) that will be released by January 1, 2004. The awardee of the re-bid contract for Pharmacy Program POS/Related Services should have programs and services developed, tested, and prepared for statewide South Carolina Medicaid and SILVERxCARD implementation by July 2004.

EXPENDITURES and UTILIZATION

The following tables provide an overview of the increase that SCDHHS has seen in the number of SILVERxCARD enrollees. The number of utilizers has increased as more beneficiaries have reached their respective calendar year deductibles of \$500.00. Accordingly, the number of Medicaid-covered prescriptions for SILVERxCARD beneficiaries has substantially increased from the beginning of the calendar quarter to the end of the quarter. Medicaid expenditures for SILVERxCARD prescriptions totaled \$2.1 million by the end of the Quarter 1-03.

Calendar Year 2003 – First Quarter				
SILVERxCARD Enrollees/Utilizers				
SILVERxCARD Prescriptions/Expenditures				
Month - Year	SILVERxCARD Enrollees (data source: ACS enrollment data)	Utilizers (Data source: SCDHHS MARS Recipient Report CCA2900R01)	Prescriptions (Data source: SCDHHS MARS Recipient Report CCA2900R01)	Net Expenditures (Data source: SCDHHS MARS Recipient Report CCA2900R01)
January 2003	50,234	349	822	\$47,866.99
February 2003	51,643	3,257	12,567	\$547,708.41
March 2003	52,581	7,971	38,154	\$1,538,958.84
TOTAL				\$2,134,534.24
Calendar Year 2003 – First Quarter				
SILVERxCARD Prescription Utilization Rate				
Average Cost Per SILVERxCARD Prescription				
Average Payment Per SILVERxCARD Utilizer				
(Data source: SCDHHS MARS Recipient Report CCA 2900R01)				
Month - Year	Average Number of Medicaid-Reimbursed Prescriptions Per SILVERxCARD Utilizer	Average Medicaid Payment Per Covered SILVERxCARD Prescription	Average Medicaid Payment Per SILVERxCARD Utilizer	
January 2003	2.35	\$58.23	\$137.15	
February 2003	3.85	\$43.58	\$168.16	
March 2003	4.78	\$40.93	\$195.92	

As noted in the preceding table, during March 2003, the prescription utilization rate averaged 4.78 prescriptions per SILVERxCARD utilizer. Although a limitation of four prescriptions per month is in effect, a monthly prescription limit override program permits prescriptions that meet certain criteria to override the monthly limitation.

Medicaid policy states that the pharmacist may utilize an override code to exceed the monthly limit if the following criteria have been met: 1) the monthly prescription limit has been met, 2) the patient has one of the following conditions, and 3) the prescription is for an essential drug used in the patient's treatment plan for one of the following conditions. Those medical conditions referenced in the criteria are: acute sickle cell disease, diabetes, hypertension, behavioral health disorder, end stage lung disease, life-threatening illness, cancer, end stage renal disease, organ transplant, cardiac disease (including hyperlipidemia), HIV/AIDS, or the terminal stage of an illness. Additionally, pharmacy providers have been instructed that the

override of the monthly prescription limit is reserved for only those prescriptions that, in the clinical judgment of the pharmacist, meet the prescription limit override criteria.

The following table lists SILVERxCARD's top ten therapeutic classes of overridden prescriptions during Qtr 1-03.

Calendar Year 2003 – First Quarter Top Therapeutic Classes for SILVERxCARD Overridden Prescriptions <i>(Based on Number of Claims)</i>	
1.	Cardiovascular Preparations
2.	Hypotensives
3.	Diabetic Therapy
4.	Lipotropics
5.	Psychostimulants-Antidepressants
6.	Anticoagulants
7.	Unclassified Drugs [These are drugs that have not been classified by American Hospital Formulary Service (AHFS). Often, certain new drugs are placed into this category by AHFS.]
8.	Ataractics-Tranquilizers
9.	Bronchial Dilators
10.	Coronary Vasodilators

PRESCRIPTION UTILIZATION

The following tables provide an overview of the top drug categories by expenditures and the top drugs by expenditures and by numbers of prescriptions.

Calendar Year 2003 – First Quarter SILVERxCARD Top Drug Categories By Expenditures <i>(Data source: First Health Services SILVERxCARD reporting data)</i>	
Ranking	Drug Category
1	Lipotropics (cholesterol reducers)
2	Antipsychotics
3	Anti-Inflammatory Agents (e.g., Celebrex®, Vioxx®, etc.)
4	Platelet Aggregation Inhibitors (e.g., Plavix®)
5	Gastrointestinal Agents (e.g., Nexium®, Prevacid®, Protonix®, etc.)
6	Cholinesterase Inhibitors (for Alzheimer's Disease)
7	Analgesics
8	Antidepressants
9	Anti-Diabetic Agents Oral (e.g., Avandia®, Actos®, etc.)
10	Anticonvulsants

Calendar Year 2003 – First Quarter SILVERxCARD Top Drugs By Expenditures <i>(Data source: First Health Services SILVERxCARD reporting data)</i>		
Ranking	Drug	Primary Indication
1	Plavix®	Prevent stroke
2	Lipitor®	Reduce cholesterol
3	Actos®	Diabetes
4	Zocor®	Reduce cholesterol
5	Bextra®	Arthritis
6	Aricept®	Alzheimer's Disease
7	Neurontin®	Anticonvulsant / Neuralgia
8	Advair®	Asthma
9	Celebrex®	Arthritis
10	Zyprexa®	Antipsychotic

Calendar Year 2003 – First Quarter SILVERxCARD Top Drugs By Number of Prescriptions <i>(Data source: First Health Services SILVERxCARD reporting data)</i>		
Ranking	Drug	Primary Indication
1	Lipitor®	Reduce cholesterol
2	Plavix®	Prevent stroke
3	Norvasc®	ACE inhibitor
4	Synthroid®	Thyroid
5	Ambien®	Sedative
6	Zocor®	Reduce cholesterol
7	Bextra®	Arthritis
8	Celebrex®	Arthritis
9	Zestril®	Antihypertensive
10	Paxil®	Antidepressant

PROBLEM AREAS AND RESOLUTIONS

The conversion of the SILVERxCARD program from a State-funded only program to a Medicaid-waivered demonstration program did not occur without some challenges. Tremendous efforts were required by SCDHHS' implementation team in coordinating the exchange of SILVERxCARD enrollment files between SCDHHS, MMIS, First Health Services (SCDHHS' pharmacy claims processor), and ACS. ACS was the contracted vendor for SILVERxCARD during the two years that the program operated as a State-funded only program. During 2001 and 2002, ACS' responsibilities included enrollment, SILVERxCARD claims processing, and call center responsibilities as they pertained to both pharmacy providers and SILVERxCARD beneficiaries.

Prior to the January 1, 2003 implementation, problems were encountered by SCDHHS in obtaining enrollment files formatted according to the State's requirements. Further problems were encountered in the transfer of these files to SCDHHS' claims processor, First Health Services. The problems originated with a variety of technical issues, however, eventually, correctly formatted, usable files were received in order to meet the January 1, 2003 implementation date.

During January 2003, the call center at ACS began receiving a large number of calls from both SILVERxCARD beneficiaries and pharmacy providers. The majority of these calls resulted from beneficiaries and providers having not fully read the informational materials that were provided them as regarded the SILVERxCARD changes that took effect January 1, 2003. In response to this surge in telephone calls, the recorded telephone greeting was revised to give more detailed instructions regarding who (whether the caller was a beneficiary or provider) should contact whom (whether the call should remain at ACS or be directed to SCDHHS or First Health Services). For example, pharmacy providers calling about claims processing issues regarding claims submitted with dates of service January 1, 2003 and afterwards, needed to direct their calls to First Health Services. As an additional example, SILVERxCARD beneficiaries calling to learn their accumulation amounts towards the deductible needed to direct their calls to either SCDHHS staff or contact their pharmacy. After several weeks, the call volume returned to normal levels.

Perhaps the most significant finding of the SILVERxCARD program in terms of lessons for the future is that the majority of the enrollees are dealing with insurance terminology for the first time. Many have never had medical insurance coverage; thus, they are unfamiliar with terms such as deductibles, prior authorization, co-payments, and so forth. If the pharmacy providers are unable or unwilling to communicate directly with the beneficiary, then the SILVERxCARD enrollee must rely on communication from SCDHHS staff regarding explanations of prescription denials, deductible balances, and generic equivalents.

Again, further education is key. Exploration of better communication channels will be ongoing for 2003, as well as research into more effective printed materials aimed at defining basic terminology. These efforts, coupled with continuing, direct communication between the program members and SCDHHS, should result in fewer challenges for pharmacy providers, members, and administrators of the SILVERxCARD program.

ACCOMPLISHMENTS

Pharmacy providers received sufficient notification from SCDHHS regarding the change in SILVERxCARD claims processing. Beginning December 11, 2002, pharmacy providers began receiving the Medicaid bulletin from SCDHHS notifying them of the requirement that effective January 1, 2003, all SILVERxCARD claims must be submitted to South Carolina Medicaid (using First Health Services as the claims processor). As noted earlier, previously SILVERxCARD claims, under the State-funded only program, were submitted to ACS.

Additionally, SILVERxCARD beneficiaries received sufficient notification from SCDHHS and ACS regarding changes in the prescription benefit effective January 1, 2003. Informational mail-outs to SILVERxCARD beneficiaries were completed by mid-December 2002.

Programming changes by First Health Services were necessary in order to allow for the calculation of beneficiary deductible amounts for SILVERxCARD enrollees. This was a significant change due to the fact that deductibles are not required in the traditional Medicaid fee-for-service program. SCDHHS' contractor performed the necessary testing and implemented this programming change in order to meet the January 1, 2003 implementation date.